CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2013 series

0452 ACCOUNTING

0452/13 Paper 1, maximum raw mark 120

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1 (a) A

(b) D

(c) C

(d) C

(e) A

(f) C

(g) A

(h) B

(i) D

(j) B

(1) Mark each **[Total: 10]**

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2 (a)

	Capital receipt	Revenue receipt	Capital expenditure	Revenue expenditure
Proceeds of sale of vehicle	✓ **(1)**			
Purchase of goods for resale				✓ **(1)**
Discount allowed				✓ **(1)**
Discount received		✓ **(1)**		
Legal fees on purchase of property			✓ **(1)**	

[5]

(b)

A	600	×	$15	$9000	**(2)**
B	100	×	$11.50	$1150	**(2)**
C	50	×	$15	$750	**(2)**

[6]

(c) Raw materials **(1)**
Work in progress **(1)**
Finished goods **(1)**

[3]

(d) Amount in manufacturing account = $8000 × 60% = $4800 **(2)**

Amount in income statement = $8000 × 40% = $3200 **(2)**

Amount in balance sheet = $2000 **(1)**

[5]

(e) Trading account

[2]

[Total: 21]

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3 (a)

Document	Book of prime entry	
Sales invoice	Sales journal	**(1)**
Credit note	Sales returns journal	**(1)**
Statement of account	No entry	**(2)**

[4]

(b) Hannah account

				$						$	
Mar	1	Balance	b/d	200	**(1)**	Mar	12	Returns		64	**(1)**
	6	Sales		256	**(1)**		28	Bank/cash		196	**(1)**
								Discount		4	**(1)**
							31	Balance	c/d	192	
				456						456	
Apr	1	Balance	b/d	192	**(1) OF**						

+ (1) Dates

[7]

(c) Trade discount – Bulk buying (1)
Regular customer/encourage repeat custom (1)
In the same trade (1)
MAX 2

Cash discount – Prompt payment (1)
Payment before the due date (1)
MAX 2 **[4]**

[Total: 15]

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4 (a)

	Debit	Credit
Opening balance trade receivables	✓ **(1)**	
Credit sales	✓ **(1)**	
Sales returns		✓ **(1)**
Receipts from credit customers		✓ **(1)**
Discount allowed		✓ **(1)**
Bad debts		✓**(1)**
Dishonoured cheques	✓ **(1)**	
Interest on overdue account	✓ **(1)**	

[8]

(b) (i) $\frac{924}{46\,200} \times \frac{100}{1} = 2\%$ **[2]**

(ii) Increase in value of trade receivables/increase in credit sales
Increase in rate of provision/anticipating higher bad debts
Any 1 reason (2) **[2]**

(iii) Tellwright Ltd
Journal

	Debit $	Credit $	
Income statement	636		**(1)**
Provision for doubtful debts		636	**(1)**
Increase in provision for doubtful debts			**(1)**

[3]

(c) Either
Matching **(1)**
To match the amount of sales for which the business is unlikely to be paid against the sales of the year in which the sale was made **(2)**
Or
Prudence **(1)**
To avoid overstating the profits for the year/anticipate losses but not profits
Or to avoid overstating the trade receivables/current assets **(2)** **[3]**

[Total: 18]

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5 (a) Economic reasons
Obsolescence/out of date
Depletion
Passage of time
Any 3 reasons (1) each **[3]**

(b)

Machinery account

			$				$
2011				2012			
Jan 1	Bank		27 000**(1)**	July 1	Disposal (A)		9 000**(1)**
				Dec 31	Balance	c/d	18 000
			27 000				27 000
2012							
Jan 1	Balance	b/d	18 000**(1)OF**				

+ (1) Dates **[4]**

Provision for depreciation of machinery account

			$				$
2011				2011			
Dec 31	Balance	c/d	6 000	Dec 31	Income statement		6 000**(1)**
			6 000				6 000
2012				2012			
Jul 1	Disposal (A)		3 000**(1)**	Jan 1	Balance	b/d	6 000**(1) OF**
Dec 31	Balance	c/d	8 000	Dec 31	Income statement		
					A	1000 **(1)**	
					B & C	4000 **(1)**	5 000
			11 000				11 000
				2013			
				Jan1	Balance	b/d	8 000**(1) OF**

+ (1) Dates **[7]**

(c)

Disposal account

			$				$
2012				2012			
July 1	Machinery		9 000 **(1)**	July 1	Prov for Dep		3 000**(1) OF**
					Bank		5 800**(1)**
				Dec 31	Income statement		200**(1) OF**
			9 000				9 000

[4]

[Total: 18]

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6 (a)

Sukesh
Statement of Affairs at 31 December 2011

	$	$	$
Non-current Assets			
Vehicle at cost			16 000
Fixtures and fittings at cost			4 000
			20 000 **(1)**
Current Assets			
Inventory		9 200	
Trade receivables		6 500	
Other receivables		200	
		15 900 **(1)**	
Current Liabilities			
Trade payables	9 100 **}**		
Bank overdraft	420 **}(1)**		
Loan (1/10 × 10 000)	1 000 **(1)**	10 520	
Net Current assets			5 380
			25 380
Non-current Liabilities			
Loan (9/10 × 10 000)			9 000 **(1)**
			16 380
Financed by			
Capital			
Balance			16 380 **(1) OF**

[6]

(b)

	$	
Opening trade receivables	6 500	
Less Closing trade receivables	4 100	
	2 400	
Add Sales for the year	52 200	**(1)**
	54 600	
Less Cash from credit customers	54 300	**(1)**
Bad debts	300	**(1) CF**

Alternative calculations acceptable **[3]**

(c)

	$	
Opening trade payables	9 100	
Less Closing trade payables	9 300	
	(200)	
Add Purchases for the year	36 000	**(1)**
	35 800	
Less Cash paid to credit suppliers	35 400	**(1)**
Discount received	400	**(1) CF**

Alternative calculations acceptable **[3]**

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(d)

Sukesh

Income Statement for the year ended 31 December 2012

	$		$	
Revenue (52 200 **(1)** + 6200 **(1)**)			58 400	
Less Cost of sales				
Opening inventory	9 200	**(1)**		
Purchases (36 000 **(1)** + 900 **(1)**)	36 900			
	46 100			
Less Closing inventory	8 800	**(1)**	37 300	
Gross profit			21 100	**(1) OF**
Add Discount received			400	**(1) OF**
			21 500	
Less Loan interest	450	**(1)**		
Rent	6 000			
Insurance (200 **(1)** + 800 **(1)** – 250 **(1)**	750			
Other running costs	2 500			
Bad debts	300	**(1) OF**		
			10 000	
Profit for the year			11 500	**(1) OF**

[14]

(e) To spread the cost of the asset over its useful life **(2)** **[2]**

(f) Bank
Suppliers/creditors
Lenders
Managers
Employees
Potential partners
Tax authorities
Customers/debtors
Competitors
Investors
Trade unions
Potential purchaser of the business
Any 4 acceptable answers (1) each **[4]**

(g) 37 300 **(1) OF** = 4.14 times **(1) OF**
9 000 **(1) CF** **[3]**

(h) (i) Duarte **(1) OF**

(ii) Any suitable comment to imply that Duarte's inventory is selling faster

Answer to be based on OF answer to (g)

Any one acceptable reason (2)

[3]

[Total: 38]

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